



# ***Federal Grants Information Guide***

From the Office of Senator Harry Reid

528 Hart Senate Office Building  
Washington, D.C. 20510  
(202) 224-8693 p. (202) 224-7327 f.

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## **I. Introduction**

As the number of non-profit organizations continues to grow, communities across the country are benefitting from an increased number of service projects, academic studies, and grassroots campaigns. The citizens of Nevada are among the most active working to improve their communities. Your actions are truly commendable, and we, at Senator Harry Reid's office, salute you.

It is no secret that to continue your efforts, financial support is necessary. Unfortunately, funding for non-profit programs is growing increasingly competitive. In order to help you in your individual projects, we have put together this information guide to assist you in securing federal funds.

Take advantage of this resource, but do not fail to seek out additional sources. The more avenues for funding you explore, the greater your chance for a successful project. We wish you the best of luck.

## **II. Defining the Project**

When developing an idea for a proposal, it is important to determine if the idea has been considered in the applicant's locality or State. A careful check should be made with legislators and area government agencies and related public and private agencies which may currently have grant awards or contracts to do similar work. If a similar program already exists, the applicant may need to reconsider submitting the proposed project, particularly if duplication of effort is perceived. If significant differences or improvements in the proposed project's goals can be clearly established, it may be worthwhile to pursue Federal assistance.

## **III. Searching for Funding**

### ***Catalog of Federal Domestic Assistance***

The key source to information about federal programs, projects, services, and activities, which provide assistance or benefits to the American public is the *Catalog of Federal Domestic Assistance*, published annually with a mid-year supplement. It contains financial and nonfinancial assistance programs administered by departments and agencies of the federal government. Copies are sent to each House and Senate office, and the *Catalog* is also available online at <http://www.cfda.gov/>. The *Catalog* provides such information as:

- Federal agency administering the program;
- Legislation which authorizes the program;
- Objectives and goals of the program;
- Types of financial and nonfinancial assistance provided;
- Uses and restrictions;
- Eligibility and requirements;
- Application and award process, including deadlines;
- Criteria for selecting proposals;
- Amount of obligations for the past, current, and future fiscal years;
- Regulations, guidelines, and literature relevant to a program;
- Information contacts and headquarters, regional and local offices;
- Related programs;
- Examples of funded projects;

- Formula and matching requirements, where applicable; and
- Requirements for post-assistance reports.

### **Types of Federal Assistance**

Currently, programs in the *Catalog* are classified into several types of financial and nonfinancial assistance.

**Grants.** Grants are generally desirable since they are an outright award of funds.

- **Formula Grants**, allocations of money to states or their subdivisions for activities of a continuing nature not confined to a specific project.
- **Project Grants**, funding, for fixed or known periods, of specific projects or the delivery of specific services or products, including fellowships, scholarships, research grants, training grants, traineeships, experimental and demonstration grants, evaluation grants, planning grants, technical assistance grants, survey grants, and unsolicited contractual agreements.
- **Direct Payments for Specified Use**, federal financial assistance provided directly to individuals, private firms, and other private institutions to encourage or subsidize a particular activity.
- **Direct Payments with Unrestricted Use**, federal financial assistance provided directly to beneficiaries who satisfy federal eligibility requirements with no restrictions as to how the money is spent.

**Loans.** Since loans must be repaid, they are often viewed by applicants as less desirable than grants. However, with the reduction of federal funds available for grants and the increasing level of competition for such funds, loans are often the only form of assistance available.

- **Direct Loans**, the lending of federal funds for a specific period of times, with a reasonable expectation of repayment; may or may not require the payment of interest.
- **Guaranteed/Insured Loans**, programs in which the federal government makes an arrangement to indemnify a lender against part or all of any defaults by those responsible for repayment of loans.

**Insurance.** Some federal programs provide financial assistance to assure reimbursement for losses sustained under specified conditions. Coverage may be provided directly by the federal government or through private carriers and may or may not require the payment of premiums.

### **Goods and Properties.**

- **Sale, Exchange, or Donation of Property and Goods**, programs which provide for the sale, exchange, or donation of federal real property, personal property, commodities, and other goods including land, buildings, equipment, food, and drugs.
- **Use of Property, Facilities, and Equipment**, programs which provide for the loan of, use of, or access to federal facilities or property wherein the federally-owned facilities or

property do not remain in the possession of the recipient of the assistance.

#### **Services, Information, Training, and Employment.**

- **Provision of Specialized Services**, programs which provide federal personnel to directly perform certain tasks for the benefit of communities or individuals.
- **Advisory Services and Counseling**, programs which provide federal specialists to consult, advise, or counsel communities or individuals, to include conferences, workshops, or personal contacts.
- **Dissemination of Technical Information**, programs which provide for the publication and distribution of information or data of a specialized technical nature frequently through clearinghouses or libraries.
- **Training**, programs which provide instructional activities conducted directly by a federal agency for individuals not employed by the federal government.
- **Investigation of Complaints**, federal administrative agency activities that are initiated in response to requests, either formal or informal, to examine or investigate claims of violations of federal statutes, policy or procedure.
- **Federal Employment**, programs which reflect the government-wide responsibilities of the Office of Personnel Management in the recruitment and hiring of federal civilian agency personnel.

#### **IV. Writing Proposals**

Throughout the proposal writing stage keep a notebook handy to write down ideas. Periodically, try to connect ideas by reviewing the notebook. Never throw away written ideas during the grant writing stage. Maintain a file labeled "ideas" or by some other convenient title and review the ideas from time to time. The file should be easily accessible. The gathering of documents such as articles of incorporation, tax exemption certificates, and bylaws should be completed, if possible, before the writing begins. A few other pointers to keep in mind:

- Allow sufficient time to prepare a thoroughly documented proposal, well before the application deadline. If possible, have someone outside the organization critique the proposal prior to submission.
- Follow the instructions given in the application form or in other material provided by the agency or foundation. Answer the questions asked.
- See that the proposal is clear and brief. Avoid jargon. Take pains to make the proposal interesting. Reviewing panels have limited time to devote to any single proposal. Whenever possible, fit the style of the proposal to the style of the agency or foundation being approached.
- At some point, perhaps after the first or second draft is completed, seek out a neutral third party to review the proposal working draft for continuity, clarity, and reasoning. Ask for constructive criticism at this point, rather than wait for the Federal grantor agency to

volunteer this information during the review cycle.

- When no form or instructions for submitting grant proposals are provided, the proposal should include:

1. **Cover Letter.** The cover letter should be written on the applicant's letterhead and give a brief description of the purpose and amount of the grant proposal, conveying the applicant's willingness to discuss the proposal in further detail.
2. **Proposal Summary: Outline of Project Goals.** The proposal summary outlines the proposed project and appears at the beginning of the proposal. It should be brief—no longer than two or three paragraphs. The summary would be most useful if it were prepared after the proposal has been developed in order to encompass all the key summary points necessary to communicate the objects of the project. It is this document that becomes the cornerstone of your proposal, and the initial impression it gives will be critical to the success of your venture. In many cases, the summary will be the first part of the proposal package seen by agency officials and very possibly could be the only part of the package that is carefully reviewed before the decision is made to consider the project any further.

The applicant must select a fundable project that can be supported in view of the local need. Alternatives, in the absence of Federal support, should be pointed out. The influence of the project both during and after the project period should be explained. The consequences of the project as a result of funding should be highlighted.

3. **Introduction: Presenting a Credible Applicant or Organization.** The applicant should gather data about its organization from all available sources. Most proposals require a description of an applicant's organization to describe its past and present operations. Some features to consider are:
  - A brief biography of board members and key staff members.
  - The organization's goals, philosophy, track record with other grantors, and any success stories.
  - The data should be relevant to the goals of the Federal grantor agency and should establish the applicant's credibility.
4. **The Problem Statement: Staffing the Purpose at Hand.** The problem statement (or needs assessment) is a key element of a proposal that makes a clear, concise, and well supported statement of the problem to be addressed. The best way to collect information about the problem is to conduct and document both a formal and informal needs assessment for a program in the target or service area. The information provided should be both factual and directly related to the problem addressed by the proposal. Areas to document are:
  - The purpose for developing the proposal.
  - The beneficiaries—who are they and how will they benefit.
  - The social and economic costs to be affected.
  - The nature of the problem (provide as much hard evidence as possible).

- How the applicant organization came to realize the problem exists and what is currently being done about the problem.
- The remaining alternatives available when funding has been exhausted. Explain what will happen to the project and the impending implications.
- Most importantly, the specific manner through which problems might be solved. Review the resources needed, considering how they will be used and to what end.

There is a considerable body of literature on the exact assessment techniques to be used. Any local, regional, or State government planning office, or local university offering course work in planning and evaluation techniques should be able to provide excellent background references. Types of data that may be collected include: historical, geographic, quantitative, factual, statistical, and philosophical information, as well as studies completed by colleges, and literature searches from public or university libraries. Local colleges or universities that have a department or section related to the proposal topic may help determine if there is interest in developing a student or faculty project to conduct a needs assessment. It may be helpful to include examples of the findings for highlighting in the proposal.

5. **Project Objectives: Goals and Desired Outcome.** Program objectives refer to specific activities in a proposal. It is necessary to identify all objectives related to the goals to be reached and the methods to be employed to achieve the stated objectives. Consider quantities or things measurable and refer to a problem statement and the outcome of proposed activities when developing a well —stated objective. The figures used should be verifiable. Remember, if the proposal is funded, the stated objectives will probably be used to evaluate program progress, so be realistic. There is literature available to help identify and write program objectives.
6. **Program Method and Program Design: A Plan of Action.** The program design refers to how the project is expected to work and solve the stated problem. Sketch out the following:
  - The activities to occur along with the related resources and staff needed to operate the project (inputs).
  - A flow chart of the organizational features of the project. Describe how the parts interrelate, where personnel will be needed, and what they are expected to do. Identify the kinds of facilities, transportation, and support services required (throughputs).
  - Explain what will be achieved through 1 and 2 above (outputs); i.e., plan for measurable results. Project staff may be required to produce evidence of program performance through an examination of stated objectives during either a site visit by the Federal grantor agency and or grant reviews which may involve peer review committees.
  - It may be useful to devise a diagram of the program design. For example draw a three column block. Each column is headed by one of the parts (inputs, throughputs, and outputs), and on the left (next to the first column) specific program features should be identified (i.e., implementation, staffing, procurement, and systems development). In the

grid, specify something about the program design, for example, assume the first column is labeled inputs, and the first row is labeled staff. On the grid, one might specify under inputs five nurses to operate a child care unit. The throughput might be to maintain charts, counsel the children, and set up a daily routine; outputs might be to discharge 25 healthy children per week. This type of procedure will help to conceptualize both the scope and detail of the project.

- Wherever possible, justify in the narrative the course of action taken. The most economical method should be used that does not compromise or sacrifice project quality. The financial expenses associated with performance of the project will later become points of negotiation with the Federal program staff. If everything is not carefully justified in writing in the proposal, after negotiation with the Federal grantor agencies, the approved project may resemble less of the original concept. Carefully consider the pressures of the proposed implementation, that is, the time and money needed to acquire each part of the plan. A Program Evaluation and Review Technique (PERT) chart could be useful and supportive in justifying some proposals.
- Highlight the innovative features of the proposal which could be considered distinct from other proposals under consideration.
- Whenever possible, use appendices to provide details, supplementary data, references, and information requiring in-depth analysis. These types of data, although supportive of the proposal, if included in the body of the design, could detract from its readability. Appendices provide the proposal reader with immediate access to details if and when clarification of an idea, sequence, or conclusion is required. Time tables, work plans, schedules, activities, methodologies, legal papers, personal vitae, letters of support, and endorsements are examples of appendices.

7. **Evaluation: Product and Process Analysis.** The evaluation component is two-fold: (1) product evaluation; and (2) process evaluation. Product evaluation addresses results that can be attributed to the project, as well as the extent to which the project has satisfied its desired objectives. Process evaluation addresses how the project was conducted, in terms of consistency with the stated plan of action and the effectiveness of the various activities, within the plan.

Most Federal agencies now require some form of program evaluation among grantees. The requirements of the proposed project should be explored carefully. Evaluations may be conducted by an internal staff member, an evaluation firm or both. The applicant should state the amount of time needed to evaluate, how the feedback will be distributed among the proposed staff, and a schedule for review and comment for this type of communication. Evaluation designs may start at the beginning, middle, or end of a project, but the applicant should specify a start-up time. It is practical to submit an evaluation design at the start of a project for two reasons:

- Convincing evaluations require the collection of appropriate data before and during program operations; and,



- If the evaluation design cannot be prepared at the outset, then a critical review of the program design may be advisable.

Even if the evaluation design has to be revised as the project progresses, it is much easier and cheaper to modify a good design. If the problem is not well defined and carefully analyzed for cause and effect relationships, then a good evaluation design may be difficult to achieve. Sometimes a pilot study is needed to begin the identification of facts and relationships. Often a thorough literature search may be sufficient.

Evaluation requires both coordination and agreement among program decision makers (if known). Above all, the Federal grantor agency's requirements should be highlighted in the evaluation design. Also, Federal grantor agencies may require specific evaluation techniques such as designated data formats (an existing information collection system) or they may offer financial inducements for voluntary participation in a national evaluation study. The applicant should ask specifically about these points. Also, consult the Criteria For Selecting Proposals section of the Catalog program description to determine the exact evaluation methods to be required for the program if funded.

8. **Future Funding: Long-Term Project Planning.** Describe a plan for continuation beyond the grant period, and/or the availability of other resources necessary to implement the grant. Discuss maintenance and future program funding if program is for construction activity. Account for other needed expenditures if program includes purchase of equipment.
9. **The Proposal Budget: Planning the Budget.** Funding levels in Federal assistance programs change yearly. It is useful to review the appropriations over the past several years to try to project future funding levels (see Financial Information section of the Catalog program description).

However, it is safer never to anticipate that the income from the grant will be the sole support for the project. This consideration should be given to the overall budget requirements, and in particular, to budget line items most subject to inflationary pressures. Restraint is important in determining inflationary cost projections (avoid padding budget line items), but attempt to anticipate possible future increases.

Some vulnerable budget areas are: utilities, rental of buildings and equipment, salary increases, food, telephones, insurance, and transportation. Budget adjustments are sometimes made after the grant award, but this can be a lengthy process. Be certain that implementation, continuation, and phase –down costs can be met. Consider costs associated with leases, evaluation systems, hard/soft match requirements, audits, development, implementation, and maintenance of information and accounting systems, and other long –term financial commitments.

A well –prepared budget justifies all expenses and is consistent with the proposal narrative. Some areas in need of an evaluation for consistency are:

- The salaries in the proposal in relation to those of the applicant organization should be similar;

- If new staff persons are being hired, additional space and equipment should be considered, as necessary;
- If the budget calls for an equipment purchase, it should be the type allowed by the grantor agency;
- If additional space is rented, the increase in insurance should be supported;
- If an indirect cost rate applies to the proposal, the division between direct and indirect costs should not be in conflict, and the aggregate budget totals should refer directly to the approved formula; and
- If matching costs are required, the contributions to the matching fund should be taken out of the budget unless otherwise specified in the application instructions.

It is very important to become familiar with Government –wide circular requirements. The Catalog identifies in the program description section (as information is provided from the agencies) the particular circulars applicable to a Federal program, and summarizes coordination of Executive Order 12372, "Intergovernmental Review of Programs" requirements in Appendix I. The applicant should thoroughly review the appropriate circulars since they are essential in determining items such as cost principles and conforming with Government guidelines for Federal domestic assistance.

- For further assistance in crafting a grant proposal, the Foundation Center offers an online "Proposal Writing Course" at <http://www.fdncenter.org/>.

## **V. Applying for Grants**

A successful grant proposal is one that is well prepared, thoughtfully planned, and concisely packaged. The potential applicant should become familiar with all of the pertinent program criteria related to the program from which assistance is sought. Refer to the information contact person listed in the program description before developing a proposal to obtain information such as whether funding is available, when applicable deadlines occur, and the process used by the grantor agency for accepting applications. Applicants should remember that the basic requirements, application forms, information, and procedures vary with the Federal agency making the grant award.

## **VI. Understanding Review and Award Procedures**

The usual announcement procedure in cases of allocated federal funds is for the agency making the award to notify the Senate office, then the House office, and finally the recipient. This allows Members of Congress an opportunity to notify recipients of grants. Not all awards are announced publicly. In cases where grant applications are made and turned down, the applicant has the right to know why the award was not granted and what the appeals process is. Applicants may ask the agency for an analysis of the strengths and weaknesses of the proposal.

## **VII. Additional Resources**

### **Information Databases**

- **Catalog of Federal Domestic Assistance**, a key directory of information on federal funding programs. The catalog is available online at <http://www.cfda.gov/>.
- **Consolidated Federal Funds Report**, an annual publication generated by the Bureau of the Census, which lists federal grant recipient figures by state and county. The report can be accessed online at <http://www.census.gov/govs/www/cfrr.html>.
- **Federal Aid to States**, an annual publication generated by the Bureau of the Census, which lists federal grant recipient figures by state and county. The report can be accessed online at <http://www.census.gov/prod/www/abs/fas.html>.
- **Federal Commons** is part of a federal web site with one-stop access to all online U.S. government resources for grants. This section of the web site groups programs by broad subject categories. To find out more, go to <http://www.cfda.gov/federalcommons/>.
- **Federal Register**, a daily directory of the latest federal department or agency program regulations dealing specifically with federal domestic assistance programs. The directory can be accessed online at [http://www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html).
- **Foundation Directory**, a two-volume directory, printed annually, of private funding sources arranged by state. Part one describes over 8,700 of America's largest foundations; part two includes over 4,000 smaller private and community foundations geared toward supporting local organizations. The directory can be accessed online at <http://www.fdncenter.org/>.
- **The Grantsmanship Center (TGCI)**, offers publications, training, and workshops in proposal writing, Grantsmanship, and fundraising for nonprofit organizations and government. In addition to useful links to government resources, the TGCI's web site includes information on community foundations and international funding. The center web site can be accessed at <http://www.tgci.com>.
- **Notices for Funding Availability (NOFAs)** are announcements that appear in the Federal Register inviting applications for federal grant programs. These notices can be viewed at <http://ocd.usda.gov/nofa.htm>.
- **Official Federal Government Web Sites**. To better develop a grant proposal, search a department's or agency's home page to learn more about its programs and objectives. Some government departments or agencies have web pages specifically designed for grantseekers. To get started try <http://lcweb.loc.gov/global/executive/fed.html>.
- **Office of Management and Budget Grants Management Web Site** establishes government-wide grants management policies and guidelines. For more information go to <http://www.whitehouse.gov/omb/grants/index.html>.
- **U.S. Government Nonprofit Gateway** provides a link to federal department and agency information and services to assist nonprofit organizations. To access the web site, go to <http://www.nonprofit.gov/index.html>.

#### **Private Funding Sources**

With reductions in federal programs, it is important to explore funding possibilities as alternatives and supplements to federal grants. Small local projects should begin their search for help at the community level from local businesses or institutions. Support may be available in the form of cash contributions or in-kind contributions of property, buildings, equipment, or professional expertise. In fact, evidence of such community-based support may lead the way to additional outside funding.

Although there are all kinds of foundation and corporate grants available, competition for these funds is great, and, just as is the case in searching for federal support, grant seekers enhance their chances for success by doing preliminary research to find grantmakers whose priorities and goals are consistent with their own.

Grantmaking foundations are established for the express purpose of providing funds for projects in their areas of interest, and all must comply with specific Internal Revenue Service regulations to maintain their tax-exempt status. Every year, each is required to give away money equal to at least five percent of the market value of its assets, and each must make its tax records public.

There are many different kinds of foundations, with widely varying resources and purposes. Some are national in scope; others are set up purely for the purpose of local giving. Some are endowed by an individual or family to provide funds for specific social, educational, or religious purposes; others are company-sponsored; still others are publicly supported community foundations.

Because of this variety, different strategies may be needed for dealing with different foundations. There are a few foundations which publicize their funding policies, and even initiate projects, but generally they do not. Usually, the grant seeker must take the first step and approach the foundation about his or her proposal. Although it is hard to generalize about foundations, they tend to be more flexible than federal funding agencies and to have fewer bureaucratic requirements. Many foundations see their purpose as providing short-term, startup funding for demonstration projects. Frequently, such foundations are the best source to turn to for funding emergency situations or small, high-risk, innovative programs. In some cases, foundation officials will work closely with inexperienced grant seekers to help them develop realistic proposals.

It is generally a good idea to try to identify state or local foundations. They may have a greater interest in local projects than do larger foundations mainly concerned with programs of national significance. Foundation Center resources are a good starting point for identifying likely funding sources. The next step is to find out more about these foundations by obtaining copies of their annual reports and/or guidelines. Grant seekers need to find out whether their proposals match the foundation's areas of interest and geographic guidelines, whether the proposal is within its budgetary constraints, and whether it normally funds the type of project being proposed.

Direct corporate giving is another potential funding source not to be overlooked. Many corporations support local projects in areas where they have their headquarters or plants, or sponsor projects which somehow enhance their corporate image. The Foundation Center's National Directory of Corporate Giving describes approximately 3,000 corporate foundations that often make grants reflecting the interests of their parent companies.

- **The Foundation Center** publishes a number of directories and guides to private and corporate funding sources and grantsmanship, including the Foundation Directory, The Foundation Grants Index, which lists by state over 86,000 grants awarded by the largest foundations in the last year or two, useful for identifying potential funding sources based

on previously awarded grants; and the Guide to U.S. Foundations, which lists over 40,000 small private and community foundations especially interested in funding local projects. The center's resources can be accessed online at <http://www.fdncenter.org>.

- **The Grantsmanship Center (TGCI)**, offers publications, training, and workshops in proposal writing, Grantsmanship, and fundraising for nonprofit organizations and government. In addition to useful links to government resources, the TGCI's web site includes information on community foundations and international funding. The center web site can be accessed at <http://www.tgci.com>.

### **Congressional Representatives**

Each congressional office is equipped to assist constituents in finding, applying for, and procuring federal assistance. After you have explored the resources suggested in this manual as well as additional resources you may discover independently, the staff at Senator Reid's office may be able to offer some additional help or advice. Consider contacting Senator Reid's Nevada offices:

Carson City  
p. (775) 882-7343  
f. (775) 883-1980

Las Vegas  
p. (702) 388-5020  
f. (702) 388-5030

Reno  
p. (775) 686-5750  
f. (775) 686-5757